

# House File 642 - Introduced

HOUSE FILE 642

BY COMMITTEE ON ECONOMIC  
GROWTH AND TECHNOLOGY

(SUCCESSOR TO HSB 147)

## A BILL FOR

1 An Act establishing the major economic growth attraction  
2 program to be administered by the economic development  
3 authority, and providing penalties.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 9I.3, subsection 3, Code 2023, is amended  
2 by adding the following new paragraph:

3 NEW PARAGRAPH. *f.* (1) An interest in agricultural land  
4 acquired by a foreign business for an immediate use other than  
5 farming if all of the following requirements are met:

6 (a) The foreign business qualifies as an eligible business  
7 pursuant to section 15.283.

8 (b) The foreign business is incorporated under the laws of  
9 a foreign country that is an allied country and the foreign  
10 business is wholly owned directly or indirectly by nonresident  
11 aliens of an allied country, or is a business entity, whether  
12 or not incorporated, which is wholly owned directly or  
13 indirectly by nonresident aliens of an allied country. As part  
14 of the foreign business's application under section 15.284,  
15 the foreign business provides documentation to the authority,  
16 as deemed necessary by the authority, to establish that the  
17 foreign business is incorporated under the laws of a foreign  
18 country that is an allied country and the foreign business is  
19 wholly owned directly or indirectly by nonresident aliens of  
20 an allied country; or is a business entity, whether or not  
21 incorporated, which is wholly owned directly or indirectly by  
22 nonresident aliens of an allied country.

23 (c) The agricultural land is a mega site, or included in a  
24 mega site.

25 (d) The foreign business is not actively engaged in farming.

26 (e) The board authorizes the acquisition of the  
27 agricultural land under the MEGA program administered by the  
28 economic development authority pursuant to sections 15.281  
29 through 15.289.

30 (2) As used in this paragraph:

31 (a) "*Actively engaged in farming*" means the same as defined  
32 in section 15.282.

33 (b) "*Allied country*" means the same as defined in 10 U.S.C.  
34 §2350f(d)(1).

35 (c) "*Authority*" means the economic development authority.

1 (d) "*Board*" means the members of the authority appointed by  
2 the governor and in whom the powers of the authority are vested  
3 pursuant to section 15.105.

4 (e) "*Certified site*" means a site that has been issued a  
5 certificate of readiness by the authority pursuant to section  
6 15E.18.

7 (f) "*Mega site*" means the same as defined in section 15.282.

8 Sec. 2. NEW SECTION. 15.281 Short title.

9 This part shall be known and may be cited as the "*Major*  
10 *Economic Growth Attraction Program*" or "*MEGA Program*".

11 Sec. 3. NEW SECTION. 15.282 Definitions.

12 As used in this part, unless the context otherwise requires:

13 1. "*Actively engaged in farming*" means any of the following:

14 a. Performing physical work which significantly contributes  
15 to crop or livestock production.

16 b. Regularly and frequently making or taking an important  
17 part in making management decisions substantially contributing  
18 to or affecting the success of a farm's operations.

19 2. "*Base employment level*" means the number of full-time  
20 equivalent positions at a business, as established by the  
21 authority and the business using the business's payroll  
22 records, as of the date the business applies for tax incentives  
23 under the program.

24 3. "*Benefit*" means nonwage compensation provided to an  
25 employee. "*Benefits*" include medical and dental insurance, a  
26 pension, a retirement plan, a profit-sharing plan, child care,  
27 life insurance, vision insurance, and disability insurance.

28 4. "*Certified site*" means a site that has been issued a  
29 certificate of readiness by the authority pursuant to section  
30 15E.18.

31 5. "*Community*" means a city, county, or entity established  
32 pursuant to chapter 28E.

33 6. "*Contract completion*" means the date of completion of  
34 the terms of a contract between a contractor and an eligible  
35 business.

1     7. "*Contractor*" means a person that has executed a contract  
2 with an eligible business for the provision of property,  
3 materials, or services for the construction or equipping of a  
4 facility that is part of the eligible business's project.

5     8. "*Created jobs*" or "*create jobs*" means new, permanent,  
6 full-time equivalent positions added to an eligible business's  
7 payroll in excess of the eligible business's base employment  
8 level.

9     9. "*Data center business*" means the same as defined in  
10 section 423.3, subsection 95.

11    10. "*Eligible business*" means a business that meets the  
12 requirements of section 15.283.

13    11. "*Foreign business*" means the same as defined in section  
14 9I.1.

15    12. "*Full-time equivalent position*" means a non-part-time  
16 position for the number of hours or days per week considered  
17 to be full-time work for the kind of service or work performed  
18 for an employer. Typically, a "*full-time equivalent position*"  
19 requires two thousand eighty hours of work in a calendar year,  
20 including all paid holidays, vacations, sick time, and other  
21 paid leave.

22    13. "*Maintenance period*" means the period of time between  
23 the project completion date and the maintenance period  
24 completion date during which an eligible business must maintain  
25 all created jobs per the agreement under section 15.285.

26    14. "*Maintenance period completion date*" means the date on  
27 which the maintenance period ends.

28    15. "*Mega site*" means a certified site greater than one  
29 thousand acres.

30    16. "*Program*" means the major economic growth attraction  
31 program.

32    17. "*Project*" means an activity or set of activities  
33 directly related to the start-up or location of an eligible  
34 business, proposed in an eligible business's application to the  
35 program, that will accomplish the goals of the program.

1 18. "*Project completion date*" means the date by which an  
2 eligible business that has been approved by the authority to  
3 participate in the program agrees to complete the terms and  
4 conditions of the agreement under section 15.285.

5 19. "*Project completion period*" means the period of time  
6 between the date the authority approves an eligible business to  
7 participate in the program and the project completion date.

8 20. "*Qualifying investment*" means a capital investment  
9 in real property located on a certified site, including the  
10 purchase price of the land, site preparation, infrastructure,  
11 and building construction. "*Qualifying investment*" also means a  
12 capital investment in depreciable assets.

13 21. "*Qualifying wage threshold*" means the wage level  
14 represented by the wages within two standard deviations of  
15 the mean wage within the laborshed area in which the eligible  
16 business is located, as calculated by the authority by rule,  
17 using the most current covered wage and employment data  
18 available from the department of workforce development for the  
19 laborshed area in which the eligible business is located.

20 22. "*Subcontractor*" means a person that contracts with  
21 a contractor for the provision of property, materials, or  
22 services for the construction or equipping of a facility that  
23 is part of an eligible business's project.

24 23. "*Tax incentives*" means tax credits, tax refunds, or tax  
25 exemptions authorized under the program by the authority for an  
26 eligible business.

27 Sec. 4. NEW SECTION. 15.283 Eligible business.

28 1. To be eligible to receive tax incentives under  
29 the program, a business must meet all of the following  
30 requirements:

31 a. The business's proposed project must be located on a  
32 certified site greater than two hundred fifty acres that the  
33 authority has determined is suitable for the project.

34 b. The business's qualifying investment in the proposed  
35 project must exceed one billion dollars.

1     *c.* The community in which the proposed project is located  
2 must approve the project either by ordinance or resolution.

3     *d.* (1) The business must be primarily engaged in advanced  
4 manufacturing, biosciences, or research and development.  
5 The business shall not be a data center business, a retail  
6 business, or a business where a cover charge or membership  
7 requirement restricts certain individuals from entering the  
8 business.

9     (2) Factors the authority shall consider to determine if  
10 a business is primarily engaged in advanced manufacturing,  
11 biosciences, or research and development shall include but are  
12 not limited to all of the following:

13     (a) The business's North American industry classification  
14 system code.

15     (b) The business's main sources of revenue.

16     (c) The business's customer base.

17     *e.* (1) The business must not be solely relocating  
18 operations from one area of the state to another area of  
19 the state. A proposed project that does not create jobs or  
20 involve a substantial amount of new capital investment shall  
21 be presumed to be a relocation of operations. For purposes of  
22 this subparagraph, the authority shall consider a letter from  
23 the affected local community's government officials supporting  
24 the business's move away from the affected local community  
25 in making a determination whether the business is solely  
26 relocating operations.

27     (2) This paragraph shall not be construed to prohibit  
28 a business from expanding the business's operations in a  
29 community if the business has similar operations in this state  
30 that are not closing or undergoing a substantial reduction in  
31 operations.

32     *f.* The business must create jobs as part of the business's  
33 proposed project. The business must demonstrate that the  
34 created jobs will pay at least one hundred forty percent of the  
35 qualifying wage threshold by the project completion date, and

1 through the maintenance period completion date.

2     *g.* The business must provide comprehensive benefits to  
3 each employee employed in a created job. The authority may  
4 adopt rules under chapter 17A to determine the requirements for  
5 comprehensive benefits.

6     *h.* (1) The business must not have a record of violations  
7 of the law or of regulations, including but not limited to  
8 antitrust, environmental, trade, or worker safety, that over  
9 a period of time show a consistent pattern or that establish  
10 the business's intentional, criminal, or reckless conduct in  
11 violation of such laws or regulations.

12     (2) If the authority determines that the business has a  
13 record of violations described in subparagraph (1), and the  
14 authority finds that the violations did not seriously affect  
15 public health, public safety, or the environment, the business  
16 may be eligible to qualify for tax incentives under the  
17 program.

18     (3) If the authority determines that the business has  
19 a record of violations described in subparagraph (1), and  
20 the authority finds that there were mitigating circumstances  
21 related to the violations, the business may be eligible to  
22 qualify for tax incentives under the program.

23     (4) In making determinations and findings under  
24 subparagraphs (2) and (3), and making a determination whether a  
25 business is disqualified from the program, the authority shall  
26 be exempt from chapter 17A.

27     2. *a.* In determining if a business is eligible to  
28 participate in the program, the authority shall consider a  
29 variety of factors, including but not limited to all of the  
30 following:

31     (1) The quality of the business's proposed project's  
32 created jobs. The authority shall place greater emphasis on  
33 created jobs that are high wage, low turnover, that provide  
34 comprehensive benefits, and that expose employees to minimal  
35 occupational hazards. A business that pays wages substantially

1 below that of similar businesses located in the same geographic  
2 area shall not be given priority under the program.

3     (2) The impact of the business's proposed project on  
4 businesses that are in competition with the business.  
5 The authority shall make a good-faith effort to identify  
6 existing Iowa businesses in competition with the business  
7 being considered for the program. The authority shall make  
8 a good-faith effort to determine the probability that any  
9 proposed tax incentives will displace employees of the  
10 competing businesses. In determining the impact on the  
11 competing businesses, created jobs resulting from employees  
12 being displaced from the competing businesses shall not be  
13 counted as created jobs for the applying business's project.

14     (3) The business's proposed project's economic impact  
15 on the state. The authority shall place greater emphasis  
16 on businesses and proposed projects that meet the following  
17 requirements:

18     (a) The business has a high proportion of in-state  
19 suppliers.

20     (b) The proposed project will diversify the state economy.

21     (c) The business has few in-state competitors.

22     (d) The proposed project has the potential to create jobs on  
23 an ongoing basis.

24     (e) Any other factors the authority deems relevant in  
25 determining the economic impact of a proposed project.

26     Sec. 5. NEW SECTION. 15.284 Applications — authorization  
27 of tax credits and exemptions.

28     1. Applications for the program shall be submitted to the  
29 authority in the form and manner prescribed by the authority by  
30 rule. Each application must be accompanied by an application  
31 fee in an amount determined by the authority by rule.

32     2. In determining the eligibility of a business to  
33 participate in the program, the authority may engage outside  
34 experts to complete a technical, financial, or other review  
35 of an application submitted by a business if such review is



1 outside the expertise of the authority.

2 3. *a.* The authority and the board may negotiate with an  
3 eligible business regarding the terms of, and the aggregate  
4 value of, the tax incentives the eligible business may receive  
5 under the program.

6 *b.* The board may authorize any combination of tax incentives  
7 available under the program for an eligible business.

8 4. The board may authorize an exemption to restrictions on  
9 agricultural land holdings pursuant to section 9I.3, subsection  
10 3, paragraph "f".

11 Sec. 6. NEW SECTION. 15.285 **Agreement.**

12 1. An eligible business that is approved by the authority to  
13 participate in the program shall enter into an agreement with  
14 the authority that specifies the criteria for the successful  
15 completion of all requirements of the program. The agreement  
16 must contain, at a minimum, provisions related to all of the  
17 following:

18 *a.* The eligible business must certify to the authority  
19 annually that the business is in compliance with the agreement.

20 *b.* If the eligible business fails to comply with any  
21 requirements of the program or the agreement, the eligible  
22 business may be required to repay any tax incentives the  
23 authority issued to the eligible business. A required  
24 repayment of a tax incentive shall be considered a tax payment  
25 due and payable to the department of revenue by any taxpayer  
26 that claimed the tax incentive, and the failure to make the  
27 repayment may be treated by the department of revenue in the  
28 same manner as a failure to pay the tax shown due, or required  
29 to be shown due, with the filing of a return or deposit form.

30 *c.* If the eligible business undergoes a layoff or  
31 permanently closes any of its facilities within the state, the  
32 eligible business may be subject to all of the following:

33 (1) A reduction or elimination of some or all of the tax  
34 incentives the authority issued to the eligible business.

35 (2) Repayment of any tax incentives that the business

1 has claimed, and payment of any penalties assessed by the  
2 department of revenue.

3     *d.* The project completion date, the maintenance period  
4 completion date, the required number of created jobs, the  
5 qualifying wage threshold that is applicable to the project,  
6 the amount of qualifying investment, the maximum aggregate  
7 value of the tax incentives authorized by the board, and any  
8 other terms and obligations the authority deems necessary.

9     *e.* The eligible business shall only employ individuals  
10 legally authorized to work in this state. If the eligible  
11 business is found to knowingly employ individuals who are  
12 not legally authorized to work in this state, in addition  
13 to any penalties provided by law, all or a portion of any  
14 tax incentives issued by the authority shall be subject to  
15 recapture by the authority or the department of revenue.

16     *f.* Any terms deemed necessary by the authority to effect the  
17 eligible business's ongoing compliance with section 15.283.

18     2. The business shall satisfy all applicable terms of  
19 the agreement by the project completion date; however, the  
20 board may for good cause extend the project completion date or  
21 otherwise amend the terms of the agreement. The board shall  
22 not amend the terms of the agreement to allow an increase in  
23 the maximum aggregate value of the tax incentives authorized by  
24 the board under section 15.284, subsection 3.

25     3. The eligible business shall not assign the agreement  
26 to another entity without the advance written approval of the  
27 board.

28     4. The authority may enforce the terms of the agreement as  
29 necessary and appropriate.

30     Sec. 7. NEW SECTION. 15.286 Sales and use tax refund.

31     1. An eligible business that has been issued a tax incentive  
32 certificate under the program shall be entitled to a refund  
33 of the sales and use taxes paid under chapter 423 for gas,  
34 electricity, water, and sewer utility services, tangible  
35 personal property, or on services rendered, furnished, or

1 performed to or for a contractor or subcontractor and used  
2 in the fulfillment of the contract for the construction or  
3 equipping of a facility that is part of the eligible business's  
4 project. Taxes attributable to intangible property and  
5 furniture and furnishings shall not be refunded.

6 2. To receive the sales and use tax refund, the eligible  
7 business shall file a claim with the department of revenue as  
8 follows:

9 a. The contractor or subcontractor shall state under oath,  
10 on forms provided by the department of revenue, the amount of  
11 the sales of tangible personal property or services rendered,  
12 furnished, or performed including water, sewer, gas, and  
13 electric utility services upon which sales or use tax has been  
14 paid prior to contract completion, and shall submit the forms  
15 to the eligible business before contract completion.

16 b. The eligible business shall inform the department of  
17 revenue in writing of contract completion. The eligible  
18 business shall, after contract completion, submit an  
19 application to the department of revenue for a refund of the  
20 amount of the sales and use taxes paid pursuant to chapter 423  
21 upon any tangible personal property, or services rendered,  
22 furnished, or performed, including water, sewer, gas, and  
23 electric utility services. The application shall be submitted  
24 in the form and manner prescribed by the department of revenue.  
25 The department of revenue shall audit the application and,  
26 if approved, issue a warrant to the eligible business in the  
27 amount of the sales or use tax which has been paid to the  
28 state of Iowa under subsection 1. The eligible business's  
29 application must be submitted to the department of revenue  
30 within one year after the project completion date. An  
31 application filed by the eligible business in accordance with  
32 this section shall not be denied by reason of a limitation set  
33 forth in chapter 421 or 423.

34 c. The refund shall be remitted by the department of revenue  
35 to the eligible business equally over five tax years.

1     3. A contractor or subcontractor that willfully makes a  
2 false report of tax paid under this section is guilty of an  
3 aggravated misdemeanor, and shall be liable for payment of the  
4 tax and any applicable penalty and interest.

5     Sec. 8. NEW SECTION. 15.286A Qualifying investment tax  
6 credit.

7     1. The authority may authorize a tax credit for an eligible  
8 business that is up to five percent of the eligible business's  
9 qualifying investment in a certified site. The eligible  
10 business shall not claim the tax credit until the eligible  
11 business's project has been placed in service, and at least  
12 fifty percent of the created jobs the eligible business  
13 agreed to in the agreement under section 15.285, and that  
14 pay at least one hundred forty percent of the qualifying  
15 wage threshold, have been added to the eligible business's  
16 payroll. The department of revenue shall remit the tax credit  
17 to the eligible business equally over five tax years. The tax  
18 credit shall be allowed against taxes imposed under chapter  
19 422, subchapter II, III, or V, and against the moneys and  
20 credits tax imposed in section 533.329. If the eligible  
21 business is a partnership, S corporation, limited liability  
22 company, cooperative organized under chapter 501 and filing  
23 as a partnership for federal tax purposes, or estate or trust  
24 electing to have the income taxed directly to the individual,  
25 an individual may claim the tax credit allowed. The amount  
26 claimed by the individual shall be based upon the pro rata  
27 share of the individual's earnings of the partnership, S  
28 corporation, limited liability company, cooperative organized  
29 under chapter 501 and filing as a partnership for federal tax  
30 purposes, or estate or trust. Any tax credit in excess of  
31 the eligible business's tax liability for the tax year may be  
32 refunded or, at the eligible business's election, credited to  
33 the eligible business's tax liability in any of the following  
34 five consecutive tax years or until depleted, whichever occurs  
35 first. A tax credit shall not be carried back to a tax year

1 prior to the tax year in which the tax credit is first claimed  
2 by the eligible business.

3     2. If within five years of the date the authority issues  
4 an eligible business a tax credit under subsection 1, the  
5 eligible business sells, disposes of, razes, or otherwise  
6 renders unusable all or a part of the land, buildings, or  
7 other structures for which the tax credit was claimed under  
8 this section, the tax liability of the eligible business for  
9 the year in which all or part of the land, buildings, or other  
10 existing structures are sold, disposed of, razed, or otherwise  
11 rendered unusable shall be increased by one of the following  
12 amounts:

13     a. One hundred percent of the tax credit claimed under  
14 this section if all or a part of the land, buildings, or other  
15 structures for which the tax credit was claimed under this  
16 section cease to be eligible for the tax credit within one  
17 year after the date the authority issued the tax credit to the  
18 eligible business.

19     b. Eighty percent of the tax credit claimed under this  
20 section if all or a part of the land, buildings, or other  
21 structures for which the tax credit was claimed under this  
22 section cease to be eligible for the tax credit within two  
23 years after the date the authority issued the tax credit to the  
24 eligible business.

25     c. Sixty percent of the tax credit claimed under this  
26 section if all or a part of the land, buildings, or other  
27 structures for which the tax credit was claimed under this  
28 section cease to be eligible for the tax credit within three  
29 years after the date the authority issued the tax credit to the  
30 eligible business.

31     d. Forty percent of the tax credit claimed under this  
32 section if all or a part of the land, buildings, or other  
33 structures for which the tax credit was claimed under this  
34 section cease to be eligible for the tax credit within four  
35 years after the date the authority issued the tax credit to the

1 eligible business.

2 e. Twenty percent of the tax credit claimed under this  
3 section if all or a part of the land, buildings, or other  
4 structures for which the tax credit was claimed under this  
5 section cease to be eligible for the tax credit within five  
6 years after the date the authority issued the tax credit to the  
7 eligible business.

8 Sec. 9. NEW SECTION. 15.286B Withholding tax credit.

9 1. From the remittance due to the department of revenue  
10 pursuant to section 422.16, subsection 2, an eligible business  
11 may withhold an amount not to exceed three percent of the gross  
12 wages paid to each employee in a created job that pays at least  
13 the qualifying wage threshold pursuant to the agreement under  
14 section 15.285.

15 2. If the amount withheld under subsection 1 is less than  
16 three percent of the gross wages paid to each employee in a  
17 created job that pays at least one hundred forty percent of  
18 the qualifying wage threshold, the eligible business shall  
19 receive a credit against the remaining withholding taxes due  
20 from the eligible business, or the eligible business may carry  
21 the credit forward up to five consecutive tax years or until  
22 depleted, whichever is earlier.

23 3. In any tax year, the aggregate amount of withholding tax  
24 credit under this section and under any other program for which  
25 an eligible business is receiving a withholding tax credit  
26 shall not exceed the amount the eligible business is required  
27 to deduct and remit to the department of revenue under section  
28 422.16, subsection 2, for that tax year.

29 Sec. 10. NEW SECTION. 15.287 Foreign businesses —  
30 acquisition of agricultural land.

31 1. If a foreign business's proposed project is located on a  
32 mega site that includes agricultural land, the requirements of  
33 section 9I.3, subsection 3, paragraph "f", must be satisfied in  
34 order for the foreign business to be eligible for the program.

35 2. a. A foreign business under subsection 1 that is

1 approved by the authority to participate in the program shall  
 2 enter into an agreement with the authority pursuant to section  
 3 15.285. The agreement shall include a provision that requires  
 4 the foreign business to comply with chapter 9I, and specifies  
 5 that failure to do so may result in revocation of all tax  
 6 incentives issued by the authority to the foreign business.

7     *b.* The authority may grant the foreign business one or  
 8 more one-year extensions in which the foreign business must  
 9 comply with section 9I.4. The authority shall not grant  
 10 more than five one-year extensions. The community in which  
 11 the agricultural land is located must approve each one-year  
 12 extension by ordinance or resolution prior to the authority  
 13 granting each extension. The foreign business shall comply  
 14 with the remaining provisions of chapter 9I to the extent the  
 15 provisions do not conflict with this section.

16     Sec. 11. NEW SECTION. 15.288 Other incentives.

17     1. Except for the high quality jobs program administered  
 18 by the authority pursuant to sections 15.326 through 15.336,  
 19 and the targeted jobs withholding credit pursuant to section  
 20 403.19A, an eligible business may apply for and be eligible to  
 21 receive other federal, state, and local incentives in addition  
 22 to the tax incentives issued by the authority to the eligible  
 23 business under the program.

24     2. The authority, in its discretion, may prohibit an  
 25 eligible business that has been issued tax incentives under  
 26 the program from receiving any additional tax incentive, tax  
 27 credit, grant, loan, or other financial assistance under any  
 28 program administered by the authority.

29     Sec. 12. NEW SECTION. 15.289 Property tax exemption.

30     1. A community in which an eligible business's project  
 31 is located may grant the eligible business a property tax  
 32 exemption for all of, or a portion of, the actual value added  
 33 by improvements to real property directly related to the  
 34 eligible business's created jobs. The community may allow a  
 35 property tax exemption for a period not to exceed twenty years

1 beginning the year that the improvements to real property are  
2 first assessed for taxation.

3 2. For purposes of this section, "*improvements*" means new  
4 construction, and rehabilitation of and additions to existing  
5 structures.

6 3. A property tax exemption granted under subsection 1 shall  
7 apply to all taxing districts, except for school districts, in  
8 which the real property is located.

9 EXPLANATION

10 The inclusion of this explanation does not constitute agreement with  
11 the explanation's substance by the members of the general assembly.

12 This bill establishes a major economic growth attraction  
13 program (program) to be administered by the economic  
14 development authority (authority).

15 To be eligible to receive tax incentives (incentives) under  
16 the program, a business's proposed project (project) must  
17 be located on a certified site greater than 250 acres that  
18 the authority has determined is suitable for the project,  
19 and the business's qualifying investment in the project must  
20 exceed \$1 billion. Other requirements for a business to be  
21 eligible for the program are detailed in the bill. "Qualifying  
22 investment" is defined in the bill as a capital investment  
23 in real property located on a certified site, including the  
24 purchase price of the land, site preparation, infrastructure,  
25 and building construction. "Qualifying investment" also means  
26 a capital investment in depreciable assets. "Certified site"  
27 is defined as a site that has been issued a certificate of  
28 readiness by the authority pursuant to Code section 15E.18.  
29 "Tax incentives" and "project" are also defined in the bill.

30 In determining if a business is eligible to participate  
31 in the program, the authority shall consider a variety of  
32 factors, including but not limited to whether the jobs created  
33 by the business's project are high wage, low turnover, provide  
34 comprehensive benefits, and expose employees to minimal  
35 occupational hazards; the impact of the project on businesses



1 that compete with the business applying to the program; and  
2 the project's economic impact on the state. The bill requires  
3 the authority to place greater emphasis on businesses that  
4 have a high proportion of in-state suppliers and few in-state  
5 competitors; and on projects that diversify the state economy  
6 and have the potential to create jobs on an ongoing basis.

7 Applications for the program shall be submitted in the  
8 form and manner prescribed by the authority by rule and be  
9 accompanied by an application fee in an amount determined by  
10 the authority by rule. In determining a business's eligibility  
11 for the program, the authority may engage outside experts  
12 to complete a technical, financial, or other review of an  
13 application if such review is outside the expertise of the  
14 authority. The authority and the authority's board (board)  
15 may negotiate with an eligible business regarding the terms  
16 of, and the aggregate value of, the incentives the eligible  
17 business may receive under the program. The board may  
18 authorize any combination of incentives available under the  
19 program for an eligible business. The board may authorize an  
20 exemption to restrictions on agricultural land holdings for a  
21 foreign business that qualifies for the program pursuant to  
22 the requirements detailed in the bill. "Foreign business" is  
23 defined in the bill.

24 The bill requires an eligible business that is approved to  
25 participate in the program to enter into an agreement with  
26 the authority that specifies the criteria for the successful  
27 completion of all requirements of the program. The agreement  
28 shall contain, at a minimum, the provisions as detailed in  
29 the bill. The business shall satisfy all applicable terms of  
30 the agreement by the project completion date; however, the  
31 board may for good cause extend the project completion date or  
32 otherwise amend the terms of the agreement. The board shall  
33 not amend the agreement to allow an increase in the maximum  
34 aggregate value of the incentives originally authorized by  
35 the board. "Project completion date" is defined in the bill.

1 The bill permits the authority to enforce the terms of the  
2 agreement as necessary and appropriate.

3 An eligible business that has been issued a certificate  
4 under the program shall be entitled to a refund of the sales  
5 and use taxes (refund) paid under Code chapter 423 for gas,  
6 electricity, water, and sewer utility services, tangible  
7 personal property, or on services rendered, furnished, or  
8 performed to or for a contractor or subcontractor and used in  
9 the fulfillment of the contract relating to the construction or  
10 equipping of a facility that is part of the eligible business's  
11 project. Taxes attributable to intangible property and  
12 furniture and furnishings shall not be refunded. The procedure  
13 for the business to receive the refund is detailed in the  
14 bill. The refund shall be remitted by the department to the  
15 eligible business equally over five tax years. A contractor or  
16 subcontractor that willfully makes a false report of tax paid  
17 is guilty of an aggravated misdemeanor, and shall be liable for  
18 payment of the tax and any applicable penalty and interest. An  
19 aggravated misdemeanor is punishable by confinement for no more  
20 than two years and a fine of at least \$855 but not more than  
21 \$8,540.

22 The authority may authorize a tax credit for an eligible  
23 business that is up to 5 percent of the business's qualifying  
24 investment in a certified site. The eligible business  
25 shall not claim the tax credit until the eligible business's  
26 project has been placed in service, and at least 50 percent  
27 of the created jobs the eligible business agreed to in the  
28 agreement, and that pay at least 140 percent of the qualifying  
29 wage threshold, have been added to the eligible business's  
30 payroll. The department shall remit the tax credit to the  
31 eligible business equally over five tax years. The tax credit  
32 shall be allowed against taxes imposed under Code chapter  
33 422, subchapter II, III, or V, and against the moneys and  
34 credits tax imposed in Code section 533.329. Any tax credit  
35 in excess of the eligible business's tax liability for the tax

1 year may be refunded or, at the eligible business's election,  
2 credited to the eligible business's tax liability in each of  
3 the following five consecutive tax years or until depleted,  
4 whichever occurs first. A tax credit shall not be carried back  
5 to a tax year prior to the tax year in which the tax credit  
6 is first claimed by the eligible business. If within five  
7 years of the date the authority issues an eligible business a  
8 qualifying investment tax credit the eligible business sells,  
9 disposes of, razes, or otherwise renders unusable all or a part  
10 of the land, buildings, or other structures for which the tax  
11 credit was claimed, the tax liability of the eligible business  
12 for the year in which all or part of the land, buildings, or  
13 other existing structures are sold, disposed of, razed, or  
14 otherwise rendered unusable shall be increased by an amount as  
15 detailed in the bill.

16 From the remittance due to the department of revenue  
17 pursuant to Code section 422.16(2), an eligible business may  
18 withhold an amount not to exceed 3 percent of the gross wages  
19 paid to each employee in a created job that pays at least  
20 the qualifying wage threshold specified in the agreement the  
21 business entered into with the authority. "Created job" and  
22 "qualifying wage threshold" are defined in the bill. If the  
23 amount withheld is less than 3 percent of the gross wages  
24 paid to each employee in a created job that pays at least 140  
25 percent of the qualifying wage threshold, the eligible business  
26 shall receive a credit against the remaining withholding  
27 taxes due from the business, or the business may carry the  
28 credit forward up to five consecutive tax years or until  
29 depleted, whichever is earlier. In any tax year, the aggregate  
30 amount of withholding tax credit under this program, and any  
31 other program for which an eligible business is receiving  
32 a withholding tax credit, shall not exceed the amount the  
33 eligible business is required to deduct and remit to the  
34 department of revenue under Code section 422.16(2) for that tax  
35 year.

1 If a foreign business's proposed project is located on a  
2 mega site that includes agricultural land, the requirements as  
3 detailed in the bill must be satisfied for the foreign business  
4 to be eligible for the program. "Mega site" is defined in the  
5 bill as a certified site greater than 1,000 acres. A foreign  
6 business that is approved by the authority to participate in  
7 the program shall enter into an agreement with the authority  
8 that includes a provision that requires the foreign business  
9 to comply with Code chapter 9I, and specifies that failure to  
10 do so may result in revocation of incentives issued by the  
11 authority to the foreign business. The authority may grant the  
12 foreign business one or more one-year extensions in which the  
13 foreign business must come into compliance with Code section  
14 9I.4. The authority shall not grant a business more than five  
15 one-year extensions. The community in which the agricultural  
16 land is located must approve each extension by ordinance or  
17 resolution prior to the authority granting each extension.

18 Except for the high quality jobs program, and the targeted  
19 jobs withholding credit, an eligible business may apply  
20 for and be eligible to receive other federal, state, and  
21 local incentives in addition to the incentives the authority  
22 issues to the business under the program. The authority, in  
23 its discretion, may prohibit an eligible business that has  
24 been issued incentives under the program from receiving any  
25 additional tax incentive, tax credit, grant, loan, or other  
26 financial assistance under any program administered by the  
27 authority.

28 The bill allows a community in which an eligible business's  
29 project is located to grant the eligible business a property  
30 tax exemption (exemption) for all of, or a portion of, the  
31 actual value added by improvements to real property directly  
32 related to the eligible business's created jobs. The community  
33 may allow an exemption for a period not to exceed 20 years  
34 beginning the year that the improvements are first assessed  
35 for taxation. "Improvements" is defined as new construction,

1 and rehabilitation of and additions to existing structures.  
2 An exemption granted by a community shall apply to all taxing  
3 districts, except for school districts, in which the real  
4 property is located.